FUND DESCRIPTIONS

Anti-Tobacco Master Settlement Agreement Revenue Fund ("Healthy Neighborhoods Venture Fund")

Accounts for the distribution of the funds received by the City of San José related to the national tobacco settlement. As a guideline, the funds are allocated as follows: 25% for Anti-Tobacco/Health programs, 50% for Education/Health programs, and 25% for Seniors/Health programs.

Arterial and Major Collectors Fund

Accounts for the collection of monies owed by developers for previously completed street improvements.

Benefit Funds

Consist of the Dental Insurance, Life Insurance, Unemployment Insurance and Employee Benefit Funds. These funds account for the provision and financing of benefits to City employees, retirees, and their dependents.

Branch Libraries Bond Projects Fund

Accounts for General Obligation bond proceeds approved by voters on the November 2000 ballot (Measure O). The use of this fund is restricted to acquisition of property, and expansion and construction of branch libraries.

Building and Structures Construction Tax Fund

Tax on residential, commercial, and industrial development. The use of these funds, along with grant revenues, is restricted to traffic capital improvements

on major arterials and collectors, including bridges, culverts, lighting, and traffic control systems which increase traffic volume.

Business Improvement District Fund

Accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

Revolving fund for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

Central Service Yard Acquisition and Development Fund

Accounts for bond proceeds for the acquisition and development of a new central service yard.

Civic Center Construction Fund

Accounts for the revenues and construction costs related to the construction of a new Civic Center.

Civic Center Parking Fund

Accounts for bond proceeds for construction of the Civic Center off-site parking garage.

FUND DESCRIPTIONS (CONT'D.)

Community Development Block Grant Fund

Accounts for Federal grant monies received from the Housing and Urban Development Department under Title II Housing and Community Development Act of 1974 and Rental Rehabilitation Program funds.

Community Facilities Revenue Fund

Accounts for the rental revenues received from the Hayes Mansion and the Ice Centre operations and provides for the accumulation and transfer of base rental income to the appropriate debt service funds for repayment of the facilities-related debts.

Construction Excise Tax Fund

Tax on the construction of residential, commercial and mobile home developments (also referred to as the Commercial, Residential, Mobile Home Park Building Tax). This tax is based on building valuation, with the majority of the revenues in the fund historically being used for traffic improvements.

Construction and Property Conveyance Tax Funds

The Construction Tax is a flat rate assessed to residential, commercial and industrial development. The Property Conveyance Tax is a fee imposed at a rate of \$3.30 for each \$1,000 of the value of property conveyed. Construction and Property Conveyance Tax Funds are dedicated to the Park and Community Facilities, Communications, Fire, Library and Service Yards capital programs.

Convention and Cultural Affairs Fund

Established to manage and operate the San José McEnery Convention Center, Center for the Performing Arts (CPA), Civic Auditorium, Montgomery Theatre, Exhibit Hall, and their related facilities and grounds. The fund also contains the operating budget and several grant programs for the Office of Cultural Affairs.

Economic Development Administration Loan Fund

Accounts for Federal funds received from the Economic Development Administration Loan program for eligible administrative expenses and loans to small businesses.

Economic Development Enhancement Fund

Accounts for Federal funds received from the Economic Development Administration program for eligible administrative expenses and loans to small businesses.

Emergency Reserve Fund

Accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

Established for the development and improvement of Emma Prusch Memorial Park.

FUND DESCRIPTIONS (CONT'D.)

Federal Drug Forfeiture Fund

Accounts for Federal drug forfeiture monies received pursuant to the drug abuse prevention and control provisions of Title 21, Chapter 13 of the United States Codes. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Federated Retirement Fund

Established to account for the accumulation of resources to be used for retirement annuity payments to all full-time and some eligible part-time City of San José employees, except members of the Police and Fire Retirement System.

Fiber Optics Development Fund

Accounts for the installation of a fiber optic conduit system that the City will own and lease to telecommunication companies and other users.

Gas Tax Maintenance and Construction Funds

Represent the City's portion of the State collected Gas Tax. Revenues are restricted for acquisition, construction, improvement, and maintenance of public streets subject to provisions of the Streets and Highways Code of the State of California and to provide for Traffic capital improvements.

General Purpose Parking Fund

Accounts for operation of City parking lot facilities, parking lots and parking meters located within the City. Financing and capital construction of certain parking facilities are also accounted for within this fund. The Parking System provides parking to the general public and is financed through parking fees.

Gift Trust Fund

Established to receive gifts, donations and bequests and account for their expenditure.

Home Investment Partnership Program Fund

Accounts for all monies allocated to the City by the U.S. Department of Housing and Urban Development for affordable housing projects pursuant to the HOME Investment Partnership Act.

Housing and Homeless Fund

Established in February 1993 to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Integrated Waste Management Fund

Accounts for activities related to the Integrated Waste Management Program which includes garbage collection, recycling services and related billing operations. The fund collects revenues from the City's Recycle Plus program. These funds are expended for programs related to the City's efforts to comply with State law requiring cities to reduce waste

FUND DESCRIPTIONS (CONT'D.)

Integrated Waste Management Fund (Cont'd.)

sent to landfills along with other integrated waste management services.

Lake Cunningham Park Fund

Accounts for the parking fees and lease payment revenues used for the purchase of equipment, maintenance and operations at Lake Cunningham Park.

Library Benefit Assessment District Fund

Accounts for the annual assessment revenues to be used for enhancing the City's library services and facilities.

Local Law Enforcement Block Grant Fund (Memo Fund to the General Fund)

Accounts for the funding received from the federal government in support of the Local Law Enforcement Block Grant Program. These grant funds are used to support law enforcement activities such as training, overtime for law enforcement officers, procurement of equipment, technology and other material directly related to law enforcement functions.

Low and Moderate Income Housing Fund

Accounts for San José Redevelopment Agency tax increment funds received to provide affordable housing rehabilitation and new housing programs. Funds are available for eligible administrative expenses, loans and grants.

Municipal Golf Course Fund

Accounts for the construction, management and operation of various golf courses and is financed through user charges.

Municipal Health Services Program Fund

Established to account for money received from the Medicare Waiver Demonstration Project funded by the Health Care Financing Administration (HCFA) of the U.S. Department of Health and Human Services and disbursements made by the City to various health care clinics on behalf of HCFA. Funding is used to provide community-based health care services to Medicare recipients at four San José clinics.

Municipal Water System Funds

Funds were established to account for the five water system operating districts: North San José, Evergreen, Coyote, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Neighborhood Security Act Bond Fund

Accounts for General Obligation Bond proceeds authorized by voters on the March 2002 ballot (Measure O). The use of this fund is dedicated to acquisition of real property and construction and rehabilitation of public safety-related facilities.

FUND DESCRIPTIONS (CONT'D.)

Norman Y. Mineta San José International Airport Capital Funds (Cont'd.)

Finances the Airport's capital expenditures and consists of the following: Airport Capital Improvement Fund; Airport Revenue Bond Improvement Fund; Airport Renewal and Replacement Fund; and the Airport Passenger Facility Charge Fund.

Norman Y. Mineta San José International Airport Operating Funds

Finances the operation of the Airport and consists of the following: Airport Revenue Fund; Airport Maintenance and Operation Fund; Airport Surplus Revenue Fund; Customer Facilities and Transportation Fee Fund, and the Airport Fiscal Agent Fund.

Parks and Recreation Bond Projects Fund

Accounts for General Obligation bond proceeds approved by voters on the November 2000 ballot (Measure P). The use of this fund is restricted to acquisition of property, upgrades and construction of neighborhood parks, community centers, trails, regional parks and sports complexes.

Police and Fire Retirement Funds

Accounts for the accumulation of resources to be used for retirement annuity payments to all sworn officers of the City of San José's Police and Fire Departments.

Redevelopment Agency Capital Project Funds

Funds paid directly by the Redevelopment Agency for construction and acquisition of public improvements on behalf of the Agency and are contained in a number of Redevelopment Capital Project funds. To the extent project expenditures do not occur, revenues are not transferred.

Residential Construction Tax Contribution Fund

Accounts for taxes imposed upon the constructor of single-family dwelling units or any mobile home lots in the City. The tax is collected and placed in the Residential Construction Tax Contribution Fund and is used to reimburse developers who have constructed that portion of an arterial street that is wider than what is normally required in connection with residential development. The funds are also used to construct median island landscaping and other street improvements.

Sanitary Sewer Connection Fee Fund

Accounts for connection fees charged to new developers to access the City's sanitary sewer system and the regional San José/Santa Clara Water Pollution Control Plant (WPCP). Funds are restricted to the construction and reconstruction of the system.

Special Assessment Maintenance and Community Facilities Districts Funds

Accounts for the maintenance and administration of assessment districts throughout the City.

FUND DESCRIPTIONS (CONT'D.)

State Drug Forfeiture Fund

Established to account for State drug forfeiture monies received whenever the Police Department is involved in asset seizures from convicted drug law violators. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Stores Fund

Accounts for the purchase and issuance of materials and supplies consumed by the City departments for their general operations.

Storm Drainage Fee Fund

Accounts for fees collected from developers as a result of connections to the storm drainage sewer system which may be used for construction, reconstruction and maintenance of the storm drainage system and for land acquisition for such system.

Storm Sewer Capital Fund

Accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for the construction and reconstruction of the storm drainage system.

Storm Sewer Operating Fund

Accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be

used for the maintenance and operation of the storm drainage system. Expenditures are focused on non-point source pollution reduction, along with maintenance and operation of the storm drainage system.

Subdivision Park Trust Fund

Accounts for payments of fees in lieu of dedication of land for park and recreation purposes in residential subdivisions. Monies in the fund, including accrued interest, may be expended solely for the acquisition or development of improvements on parkland to serve the subdivision for which the fees were paid.

Supplemental Law Enforcement Services Fund

Accounts for revenues received from the State of California (AB 3229) to be used for front-line municipal police services.

Transient Occupancy Tax Fund

Assessed as a percentage of the rental price for transient occupancy lodging charged when the period of occupancy is less than 30 days. The tax rate is currently 10%, 6% of which is placed in this fund and 4% of which is deposited in the General Fund. The uses of revenues from this source are specified by City Ordinance and include grants and rental subsidies for fine arts and cultural programs, and subsidies for the San José Convention and Visitors Bureau and the Conventions, Arts, and Entertainment Department.

FUND DESCRIPTIONS (CONT'D.)

Underground Utility Fund

Accounts for revenues received as assessments and fees for the City's costs and expenses to place certain utility facilities underground. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

Accounts for the operation, maintenance and replacement of City vehicles and equipment.

Wastewater Treatment Plant and Sewer System Capital Funds

Accounts for the construction of improvements to the regional San José/Santa Clara Water Pollution Control Plant (WPCP) and the purchase of equipment. The Sewer Service and Use Charge Capital Improvement Fund receives a transfer from the Sewer Service and Use Charge Operating Fund for the reconstruction of the sanitary sewer system.

Wastewater Treatment Plant and Sewer System Operating Funds

Accounts for the ongoing operations of the sewer system and the regional San José/Santa Clara Water Pollution Control Plant (WPCP).

Workforce Investment Act Fund

Accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.